

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES

DOCKET NO. R2000-1

FIRST INTERROGATORIES OF PARCEL SHIPPERS ASSOCIATION
TO UNITED STATES POSTAL SERVICE
WITNESS CHARLES L. CRUM (USPS-T27)

The Parcel Shippers Association (PSA) requests United States Postal Service to respond fully and completely to the following interrogatories and requests for production of documents pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure.

Respectfully submitted,



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Dated: February 4, 2000

**INTERROGATORIES OF PARCEL SHIPPERS ASSOCIATION
TO UNITED STATES POSTAL SERVICE WITNESS CRUM**

PSA/USPS-T27-1

Your testimony states that the Postal Service excludes parcels between .75 inches and 1.25 inches from the shape charge applicable in Standard (A) where the parcels are prepared in compliance with Postal Service criteria for the flat automation rate.

(a) When did the Postal Service implement this exclusion?

(b) Were any Federal Register Notices issued in connection with the proposed exclusion?

(c) Is it the Postal Service's position that it is free to determine unilaterally which Standard (A) parcels are subject to the shape surcharge without a recommendation of the Postal Rate Commission?

(d) Does the Postal Service have any cost data to support its assumption that, as you testify, these types of parcels "are the most similar to flats and will likely have the most similar cost characteristics to flats?" (pp. 7 and 8) If the answer is in the affirmative please supply whatever cost data you have to support your assumption.

PSA/USPS-T27-2

On page 9 of your testimony you state that you have chosen to use the average density for all Standard Mail (A) parcels from the parcel density study (PCR-38, Appendix C) as opposed to separating the densities by sub-class because you believe that that represents the most reasonable estimate available for Standard Mail (A) parcels overall.

(a) Is it your belief that using that density represents the most reasonable estimate available for the Bulk Regular Standard Mail (A) category of IPPs and parcels? Please explain any affirmative answer.

(b) Would the study you have used provide sub-class specific densities? If that study would provide such densities, please explain whether using the sub-class specific density for the Regular Bulk rate parcel category would result in greater or lesser allocation of cost.

PSA/USPS-T27-3

In your Attachment F, Table 6.1, you display the revenues, costs, and contributions per piece for Regular and ECR flats and parcels, as well as all shapes. Please supply, and provide the source for, the same information for FY 1998 for each of the four sub-classes for flats, and IPPs and parcels, specifically, for Bulk Standard Mail (A) Enhanced Carrier Route, Bulk Standard Mail (A) Regular, Bulk Standard Mail (A) Nonprofit ECRs, and Bulk Standard Mail (A) Nonprofit. Also, please supply the same information for each of these sub-classes for the Test Year After Rates, and provide the source of that information.

PSA/USPS-T27-4

According to your Attachment F Tables, the cost coverages for Standard (A) IPPs and parcels in the two ECR sub-classes fail to cover their attributable costs to a much greater degree than does the Bulk Regular Rate parcel category. Please explain why, notwithstanding the fact that the ECR subclasses have a more adverse cost revenue relationship, you nevertheless propose a surcharge for parcels in those two sub-classes that is 3¢ less than for parcels in the other two sub-classes.

PSA/USPS-T27-5

Your Exhibit F Tables 3.1, 3.2, 3.3, and 3.4 purport to show the per piece costs and revenues for flats and parcels. Those Tables show that the per piece cost for Bulk Standard (A) ECR parcels is 74.6¢, for Nonprofit-ECR it is \$2.26¢, and for Bulk Regular it is 76.8¢.

(a) Can you rationalize why the ECR parcels, in the regular category, would seem to cost as much as the non-ECR parcels, and why the nonprofit-ECR would appear to cost three times as much as either?

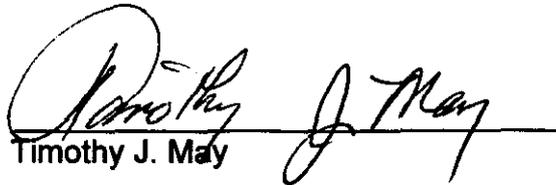
(b) Isn't it obvious at that the ECR costs for parcels are on their face unreliable?

(c) Isn't it the case that the amount of volumes are so tiny as to guarantee that there will be statistical anomalies from your sampling systems? Please explain any negative answer.

(d) Is it not the case that the volumes of all IPPs and parcels are so statistically insignificant that the results from your samples cannot be given any credibility? If the answer is in the negative, please explain why your sample volumes are sufficient to give reliable results.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served six (6) copies of the foregoing document upon the United States Postal Service.


Timothy J. May

Dated: February 4, 2000